

110TH CONGRESS
1ST SESSION

H. R. 550

To amend the Internal Revenue Code of 1986 to extend the investment tax credit with respect to solar energy property and qualified fuel cell property, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 18, 2007

Mr. McNULTY (for himself and Mr. CAMP of Michigan) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to extend the investment tax credit with respect to solar energy property and qualified fuel cell property, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Securing America’s
5 Energy Independence Act of 2007”.

1 **SEC. 2. EXTENSION AND MODIFICATION OF INVESTMENT**
 2 **TAX CREDIT WITH RESPECT TO SOLAR EN-**
 3 **ERGY PROPERTY AND QUALIFIED FUEL CELL**
 4 **PROPERTY.**

5 (a) SOLAR ENERGY PROPERTY.—Paragraphs
 6 (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) of the Internal
 7 Revenue Code of 1986 are each amended by striking
 8 “2008” and inserting “2017”.

9 (b) ELIGIBLE FUEL CELL PROPERTY.—Paragraph
 10 (1)(E) of section 48(c) of the Internal Revenue Code of
 11 1986 is amended by striking “2007” and inserting
 12 “2016”.

13 (c) ENERGY PROPERTY TO INCLUDE EXCESS EN-
 14 ERGY STORAGE DEVICE.—Clause (i) of section
 15 48(a)(3)(A) of such Code is amended to read as follows:

16 “(i) equipment which uses solar en-
 17 ergy to generate electricity, to heat or cool
 18 (or provide hot water for use in) a struc-
 19 ture, or to provide solar process heat, or
 20 advanced energy storage systems installed
 21 as an integrated component of the fore-
 22 going, excepting property used to generate
 23 energy for purposes of heating a swimming
 24 pool.”.

25 (d) SOLAR LIGHTING EQUIPMENT TO INCLUDE
 26 SOLAR HYBRID LIGHTING SYSTEMS.—Clause (ii) of sec-

1 tion 48(a)(3)(A) of such Code is amended to read as fol-
 2 lows:

3 “(ii) equipment which uses solar en-
 4 ergy to illuminate the inside of a structure
 5 using fiber-optic distributed sunlight,”.

6 (e) MODIFICATIONS.—

7 (1) SOLAR PHOTOVOLTAIC ENERGY PROPERTY
 8 CREDIT DETERMINED SOLELY BY KILOWATT CAPAC-
 9 ITY.—

10 (A) IN GENERAL.—Subsection (a) of sec-
 11 tion 48 of such Code is amended by redesign-
 12 ating paragraph (4) as paragraph (5) and by
 13 inserting after paragraph (3) the following new
 14 paragraph:

15 “(4) SPECIAL RULE FOR ENERGY CREDIT FOR
 16 SOLAR PHOTOVOLTAIC ENERGY PROPERTY.—

17 “(A) IN GENERAL.—For purposes of sec-
 18 tion 46, the energy credit for any taxable year
 19 for solar photovoltaic energy property described
 20 in paragraph (3)(A)(i) which is used to gen-
 21 erate electricity and which is placed in service
 22 during the taxable year is \$1,500 with respect
 23 to each half kilowatt of capacity of such prop-
 24 erty. Paragraph (2)(A)(ii) shall not apply to

1 property to which the preceding sentence ap-
 2 plies.

3 “(B) APPLICATION OF SPECIAL RULES FOR
 4 REHABILITATED OR SUBSIDIZED PROPERTY.—
 5 Rules similar to the rules of paragraphs (2)(B)
 6 and (5) shall apply to property to which this
 7 paragraph applies.”.

8 (B) CONFORMING AMENDMENT.—Sub-
 9 clause (II) of section 48(a)(2)(A)(i) of such
 10 Code is amended by striking “described in
 11 paragraph (3)(A)(i)” and inserting “which is
 12 described in paragraph (3)(A)(i) and to which
 13 paragraph (4) does not apply”.

14 (f) CREDITS ALLOWED AGAINST THE ALTERNATIVE
 15 MINIMUM TAX.—Section 38(c)(4)(B) of the Internal Rev-
 16 enue Code of 1986 (defining specified credits) is amended
 17 by striking the period at the end of clause (ii)(II) and in-
 18 serting “, and”, and by adding at the end the following
 19 new clause:

20 “(iii) the portion of the investment
 21 credit under section 46(2) as determined
 22 under clauses (i) and (ii) of section
 23 48(a)(2)(A).”.

24 (g) EFFECTIVE DATES.—

1 (1) Except as provided in paragraph (2), the
2 amendments made by this section shall take effect
3 on January 1, 2007.

4 (2) The amendments made by subsection (c)
5 shall apply to property placed in service after De-
6 cember 31, 2006.

7 **SEC. 3. EXTENSION AND MODIFICATION OF CREDIT FOR**
8 **RESIDENTIAL ENERGY EFFICIENT PROP-**
9 **ERTY.**

10 (a) EXTENSION.—Subsection (g) of section 25D of
11 the Internal Revenue Code of 1986 (relating to termi-
12 nation) is amended by striking “2008” and inserting
13 “2016”.

14 (b) SOLAR ELECTRIC PROPERTY.—Paragraph (1) of
15 section 25D(a) of such Code (relating to allowance of cred-
16 it) is amended by striking “30 percent of”.

17 (c) MODIFICATION OF MAXIMUM CREDIT.—Para-
18 graph (1) of section 25D(b) of the Internal Revenue Code
19 of 1986 (relating to limitations) is amended to read as
20 follows:

21 “(1) MAXIMUM CREDIT.—The credit allowed
22 under subsection (a) for any taxable year shall not
23 exceed—

24 “(A) \$1,500 with respect to each half kilo-
25 watt of installed capacity of qualified solar elec-

1 tric property for which qualified solar electric
2 property expenditures are made,

3 “(B) \$2,000 with respect to any qualified
4 solar water heating property expenditures, and

5 “(C) \$500 with respect to each half kilo-
6 watt of capacity of qualified fuel cell property
7 (as defined in section 48(c)(1)) for which quali-
8 fied fuel cell property expenditures are made.”.

9 (d) DEFINITION OF QUALIFIED SOLAR WATER
10 HEATING PROPERTY EXPENDITURE.—Paragraph (1) of
11 section 25D(d) of such Code is amended by striking “to
12 heat water for use in” and inserting “to heat or cool (or
13 provide hot water for use in)”.

14 (e) DEFINITION OF QUALIFIED PHOTOVOLTAIC
15 PROPERTY EXPENDITURE.—Paragraph (2) of section
16 25D(d) of such Code is amended by inserting “, including
17 advanced energy storage systems installed as an inte-
18 grated component of the foregoing” after “taxpayer”.

19 (f) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-
20 IMUM TAX.—

21 (1) IN GENERAL.—Section 25D(b) of the Inter-
22 nal Revenue Code of 1986 (as amended by sub-
23 section (b)) is amended by adding at the end the fol-
24 lowing new paragraph:

1 “(3) CREDIT ALLOWED AGAINST ALTERNATIVE
2 MINIMUM TAX.—The credit allowed under subsection
3 (a) for the taxable year shall not exceed the excess
4 of—

5 “(A) the sum of the regular tax liability
6 (as defined in section 26(b)) plus the tax im-
7 posed by section 55, over

8 “(B) the sum of the credits allowable
9 under subpart A of part IV of subchapter A
10 (other than this section) and section 27 for the
11 taxable year.”.

12 (2) CONFORMING AMENDMENTS.—

13 (A) Subsection (c) of section 25D of such
14 Code is amended to read as follows:

15 “(c) CARRYFORWARD OF UNUSED CREDIT.—If the
16 credit allowable under subsection (a) for any taxable year
17 exceeds the limitation imposed by subsection (b)(3) for
18 such taxable year, such excess shall be carried to the suc-
19 ceeding taxable year and added to the credit allowable
20 under subsection (a) for such succeeding taxable year.”.

21 (B) Section 23(b)(4)(B) of such Code is
22 amended by inserting “and section 25D” after
23 “this section”.

1 (C) Section 24(b)(3)(B) of such Code is
 2 amended by striking “sections 23 and 25B”
 3 and inserting “sections 23, 25B, and 25D”.

4 (D) Section 26(a)(1) of such Code is
 5 amended by striking “and 25B” and inserting
 6 “25B, and 25D”.

7 (g) EFFECTIVE DATE.—The amendments made by
 8 this section shall apply to expenditures made in taxable
 9 years beginning after December 31, 2006.

10 **SEC. 4. 3-YEAR ACCELERATED DEPRECIATION PERIOD FOR**
 11 **SOLAR ENERGY PROPERTY AND FUEL CELL**
 12 **PROPERTY.**

13 (a) IN GENERAL.—Subparagraph (A) of section
 14 168(e)(3) of the Internal Revenue Code of 1986 is amend-
 15 ed by striking “and” at the end of clause (ii), by striking
 16 the period at the end of clause (iii) and inserting a comma,
 17 and by inserting after clause (iii) the following new clause:

18 “(iv) any property which is described
 19 in clause (i) or (ii) of section 48(a)(3)(A)
 20 (or would be so described if the last sen-
 21 tence of such section did not apply to such
 22 clause), and

23 “(v) any property which is described
 24 in clause (iv) of section 48(a)(3)(A).”.

1 (b) CONFORMING AMENDMENT.—Section
2 168(e)(3)(B)(vi)(I) of such Code is amended to read as
3 follows:

4 “(I) would be described in sub-
5 paragraph (A) of section 48(a)(3) if
6 ‘wind energy’ were substituted for
7 ‘solar energy’ in clause (i) thereof and
8 the last sentence of such section did
9 not apply to such subparagraph,”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to property placed in service after
12 December 31, 2006.

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